

6 FAH-5 H-470 POST-FUNDED COSTS

(CT:ICASS-33; 04-09-2013)
(Office of Origin: CGFS/ICASS)

6 FAH-5 H-471 POST BUDGETS

(CT:ICASS-5; 07-21-2006)
(Applies to participating ICASS agencies)

Post's initial requirements budget (pre-baseline) should include all anticipated ICASS operating costs (personnel and other costs) for the fiscal year including other specific costs enumerated in this subchapter, as appropriate.

6 FAH-5 H-471.1 Air Force/Army Post Office (APO)/Fleet Post Office (FPO) Costs

(CT:ICASS-5; 07-21-2006)
(Applies to participating ICASS agencies)

- a. **Description:** Air Force/Army Post Office (APO)/Fleet Post Office (FPO) is a Department of Defense (DOD) provided service outside of the ICASS system. However, mission-provided support costs usually specified in a memorandum of agreement or interagency support agreement with military postal authorities, should be distributed to the serviced agencies through ICASS. These non-DOD funded costs could include space occupied in a shared ICASS nonresidential office, office equipment, and local-hire mailroom personnel.
- b. **Allocation of costs to cost centers:** In order to spread these costs to all agencies at post who benefit from the APO/FPO, the non-DOD ICASS costs of this operation might be charged to the mail and messenger services cost center at a Standard post or the information management cost center at a Lite post, contingent upon approval of the post ICASS council.

6 FAH-5 H-471.2 Congressional Delegation (CODEL) and VIP Visits

(CT:ICASS-15; 11-06-2009)
(Applies to participating ICASS agencies)

See 6 FAH-5 H-364, VIP Visits, for updated guidance.

6 FAH-5 H-471.3 Consulate and Multiple Mission Costs

(CT:ICASS-33; 04-09-2013)

(Applies to participating ICASS agencies)

See 6 FAH-5 H-314.7, *Location Budgeting*, for updated guidance.

6 FAH-5 H-471.4 Depreciation and Capitalization

(CT:ICASS-33; 04-09-2013)

(Applies to participating ICASS agencies)

- a. **Description:** No-year working capital funds (WCFs), including ICASS, must fund the depreciation cost of the fund's capital assets. The capitalized threshold in the Department of State for all general assets and property is \$25,000 with the exception of vehicles which are capitalized regardless of cost. There are additional capitalized thresholds of \$100,000 on bulk buys, \$500,000 for commercial off-the-shelf software purchases, and \$500,000 for direct costs of internally developed software.
- b. Depreciation is a nonexpenditure charge (funds are not obligated) that allocates an asset's cost over its useful life. By budgeting for depreciation costs, the post is ensuring that funds will be available to replace assets as needed. The burden of replacing the asset is likewise spread by allocating the cost of personal property over its useful life.
- c. Capitalization is the one-time cost of the total depreciation amount of an asset whose annual depreciation costs have been unfunded in prior years (due to constrained ICASS funding, monies have not been available to fund the prior-year depreciation costs of ICASS capitalized assets). The costs of replacing these assets, which may now be fully depreciated, must be budgeted. This one-time cost to capture the prior years' depreciation cost is termed capitalization.
- d. The depreciation amount is included in the ICASS initial requirements budget under budget sub-object code (SOC) 3195 - depreciation. This entry has only one purpose which is to include the depreciation cost as part of the *requirements reported* to all agencies, *even if budgetary resources are not available to fund the full amount*. Funds are not obligated using this sub-object code. If funds are available within post's ICASS target for depreciation/capitalization, those funds would remain unobligated and will be carried forward until utilized for the capital asset procurement. The capitalization amount is similarly included in the ICASS *initial requirements* budget under SOC 3197 when the depreciation amounts are included in the budget. This sub-object code is used only for budgeting for capitalization of property and is not used for obligations.
- f. The use of the unique 3100 series sub-object codes identified at the time funds are obligated (when *the* asset is procured) distinguishes capital and non-capital

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assets. Depreciation/capitalization funds can be used to procure ICASS vehicles.

- g. **Allocation of costs to cost centers:** Depreciation and capitalization costs would be allocated to the cost centers supported by the capitalized equipment. For example, the ICASS vehicle fleet provides support to many cost centers such as the *building operations services*, motor pool *services*, mail and messenger services, travel services, and others. The costs of depreciation and capitalization of vehicles and other equipment should be allocated among all of these cost centers according to the usage of this equipment at post.

6 FAH-5 H-471.5 Local Currency Exchange Rate Gains and Losses

(CT:ICASS-5; 07-21-2006)

(Applies to participating ICASS agencies)

- a. **Description:** The ICASS budget is prepared at the local currency rate of exchange as of the first day of the fiscal year (October 1). There is no adjustment to the budget for any changes in the local currency exchange rate that occurs during the fiscal year and all agencies are billed for ICASS services based on the October 1st rate of exchange. ICASS operating allowance adjustments that occur during the fiscal year for exchange rate changes do not affect a post's target budget.
- b. **Allocation of costs to cost centers:** As exchange rate gains and losses that occur during the fiscal year are not budgeted, the allocation of costs to cost centers is not applicable.

6 FAH-5 H-471.6 National Security Decision Directive (NSDD-38) Authority Position Changes

(CT:ICASS-15; 11-06-2009)

(Applies to participating ICASS agencies)

See 6 FAH-5 H-351.2, NSDD-38 Process, for updated guidance.

6 FAH-5 H-471.7 Regional Costs

(CT:ICASS-33; 04-09-2013)

(Applies to participating ICASS agencies)

- a. **Description:** Administrative support costs for regional operations are currently included in ICASS using one of the following cost-sharing methods, as determined by the magnitude of the regional support provided:
- (1) **Large regional hubs (i.e., financial service centers):** Regional hubs provide little administrative support to their host post in relation to the

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support provided to the regional posts that they service. In general, these large regional hubs are established with ICASS working group (IWG) approval, and are considered a separate ICASS post for budgeting/financial purposes. Regional hubs receive an ICASS target, prepare budgets, and receive ICASS funds separate from the host post. All personnel and other costs of the regional hub are included in that ICASS budget and costs are allocated to the appropriate cost center (the number of cost centers may be reduced depending on the support provided by the regional hub). Workload is entered for all agencies located at any post receiving service from that regional hub. Agencies receiving these services may not be represented at the regional hub; therefore, a Washington ICASS council is established to review services provided by the operation;

- (2) **Regional U.S. personnel:** Posts which host one or more regional administrative direct-hire (DH) position (i.e., regional medical officer, regional financial management officer (FMO), regional human resources officer (HRO), regional *information management specialist* (IMS)) or that provide a small regional service to other posts in the area (i.e., shipping receiving point for inland transportation) may direct charge serviced posts for any identifiable cost incurred on their behalf. Direct costs of regional ICASS personnel (salary, benefits, utilities, lease, furniture, etc.), however, cannot be direct charged and these costs are funded by the home post with costs shared by agencies at that post (workload counts reflect only host-country counts). Any increased personnel-related costs of the host post, required to support the regional activity, should be included in the host post's budget and funds requested through the budget process.

- b. **Allocation of costs to cost centers:** Regional costs are allocated to the cost center(s) services provided at the regional hub or host post. Regional hub costs are shared based on agencies' workload, of cost center services provided for all posts and all agencies supported. Regional direct-hire (DH) American personnel costs are shared based on the workload of only those agencies receiving ICASS services at the host post.

6 FAH-5 H-471.8 Residential Furniture Pools

(CT:ICASS-33; 04-09-2013)

(Applies to participating ICASS agencies)

See 6 FAH-5 H-500, Government Furnished Housing, for updated guidance.

6 FAH-5 H-471.9 Non-ICASS Furniture Pools

(CT:ICASS-33; 04-09-2013)

(Applies to participating ICASS agencies)

See 6 FAH-5 H-500, Government Furnished Housing, for updated guidance.

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6 FAH-5 H-471.10 Separation Pay (Post Funded)

(CT:ICASS-17; 03-01-2011)

(Applies to participating ICASS agencies)

- a. **Description:** The anticipated cost of severance pay for ICASS locally employed staff (LE staff) employees, as authorized by post's local compensation plan, if not funded by the Department of State's central FSN Separation Liability Fund, should be included in post's ICASS budget.
- b. **Allocation of costs to cost centers:** Severance costs are budgeted with the salary and benefit costs of the employee and would follow the cost allocation of that employee. Agencies that receive the cost center services provided by the severed employee would share the costs of any severance pay.

6 FAH-5 H-471.11 Tandem Couples (Where One of the Employees is ICASS)

(CT:ICASS-15; 11-06-2009)

(Applies to participating ICASS agencies)

See 6 FAH-5 H-353, Tandem & Jointly Assigned Couples, for updated guidance.

6 FAH-5 H-471.12 Temporary-Duty (TDY) Quarters

(CT:ICASS-5; 07-21-2006)

(Applies to participating ICASS agencies)

- a. **Description:** U.S. Government-owned/long-term lease (GO/LTL) and/or short-term lease (STL) housing may be designated as temporary duty quarters/transient quarters if that property is excess to post's needs and the post's ICASS council concurs. The use of either GO/LTL and/or STL property as TDY quarters must be authorized by the Bureau of Overseas Buildings Operations (OBO) as per 15 FAM 249, Transient or Temporary Duty Housing, with fees established for their use. Net anticipated operating costs (total funding requirements less anticipated reimbursements) of the TDY quarters are budgeted and billed in post's ICASS budget. Based on the fee schedule established, funds collected for the use of TDY quarters should be deposited as follows:
 - (1) Fees collected for the GO/LTL lease component of the TDY quarters should be deposited to the 19X0535 account REIM (OBO account); and
 - (2) Fees collected for STL rents, BOE, and maintenance costs should be deposited to 19X05419.1 account 9906 for the ICASS-funded share of that fee.
- b. **Allocation of costs to cost centers:** The net operating cost of the TDY quarters may be allocated to overhead if all agencies benefit from the use of

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the property. Alternately, post may choose to create a sub-cost center if its use would more fairly allocate TDY quarters costs to the agencies receiving the benefit of the property.

6 FAH-5 H-471.13 Vacant Short-Term Lease (STL) Residential Properties

(CT:ICASS-33; 04-09-2013)

(Applies to participating ICASS agencies)

- a. **Description:** The housing market in some posts necessitates retaining vacant U.S. Government-short-term lease (STL) residences which appear to be excess to post's current needs. If post management, with ICASS council concurrence, determines that a State STL residence, vacant in excess of **90** days (with no occupant identified) should be retained, the lease and operating costs of that property must be funded through ICASS. *Prior approval must be obtained from the Office of Overseas Building Operations (see 15 FAM 164 paragraph b and 15 FAM 313.5).*
- b. **Allocation of costs to cost centers:** The operating costs of vacant (where no occupant has been identified) property may be allocated to the overhead cost center with the concurrence of post's ICASS council.

6 FAH-5 H-471.14 Value-Added Tax (VAT)

(CT:ICASS-33; 04-09-2013)

(Applies to participating ICASS agencies)

- a. **Description:** In many countries a value-added tax (VAT) is charged by the host government for the purchase of goods or services. In some countries the United States is exempt from this tax (usually based on reciprocity) and the VAT is refunded after the appropriate request for refund (with all attendant support) is made to the host government. Depending on the country, the VAT refund can range from 100% to substantially less than that, and can take from **2** months to over a year to collect. VAT, where applicable, is separately obligated on the obligation document. A VAT refund is applied against the original obligations as an expenditure refund, which reduces the total obligation. Fully refunded VAT reduces the obligation to that required only for the goods or services. If VAT is refunded after the close of the fiscal year, those funds should be credited to the year in which the VAT was incurred and the obligation would be reduced. Because of the no-year nature of ICASS funds, those deobligated funds will be returned to post's current year ICASS operating allowance through the carryover/recovery process. If not fully refunded, the remaining VAT in the obligation becomes a part of the cost of the goods or services. Posts should include in their ICASS budget, the net anticipated costs of VAT (total VAT less anticipated refunds) for ICASS goods and services, in the coming fiscal year.

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- b. **Allocation of costs to cost centers:** The net anticipated costs of the VAT should be budgeted with the costs of the goods and services to be procured and would follow the cost center allocation of those goods and services.

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